

VZCZCXRO2821  
RR RUEHCHI RUEHDT RUEHHM RUEHNH RUEHTRO  
DE RUEHGO #0367/01 1341025  
ZNR UUUUU ZZH  
R 131025Z MAY 08  
FM AMEMBASSY RANGOON  
TO RUEHC/SECSTATE WASHDC 7577  
RUCNASE/ASEAN MEMBER COLLECTIVE  
RUEHGG/UN SECURITY COUNCIL COLLECTIVE  
RUEHBJ/AMEMBASSY BEIJING 1874  
RUEHBY/AMEMBASSY CANBERRA 1181  
RUEHKA/AMEMBASSY DHAKA 4879  
RUEHNE/AMEMBASSY NEW DELHI 4725  
RUEHUL/AMEMBASSY SEOUL 8269  
RUEHKO/AMEMBASSY TOKYO 5831  
RUEHCN/AMCONSUL CHENGDU 1473  
RUEHCHI/AMCONSUL CHIANG MAI 1591  
RUEHCI/AMCONSUL KOLKATA 0331  
RUEATRS/DEPT OF TREASURY WASHDC  
RHHMUNA/CDR USPACOM HONOLULU HI  
RUEHGV/USMISSION GENEVA 3703  
RHEHNSC/NSC WASHDC  
RUCNDT/USMISSION USUN NEW YORK 1600  
RUEKJCS/SECDEF WASHDC  
RUEHBS/USEU BRUSSELS  
RUEKJCS/JOINT STAFF WASHDC

UNCLAS SECTION 01 OF 02 RANGOON 000367

SENSITIVE  
SIPDIS

STATE FOR EAP/MLS, EEB/TPP/ABT/ATP - JANET SPECK  
BANGKOK FOR USDA/FAS, ECON OFFICE, USAID  
DEPT PLEASE PASS TO USAID - CHERYL JENNINGS  
PACOM FOR FPA  
TREASURY FOR OASIA: SCHUN

E.O. 12958: N/A  
TAGS: [EAGR](#) [EAID](#) [ETRD](#) [ECON](#) [PGOV](#) [PREL](#) [BM](#)  
SUBJECT: BURMA: FUEL

Ref: A) Rangoon 352 B) Rangoon 353 C) Rangoon 342

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1. (SBU) Supplies of certain food products - rice, meat, chicken, fish, and cooking oil - remain scarce in Rangoon and prices of food throughout the city continue to rise. The price of rice has increased 83 percent since May 1 due to insufficient rice stocks. Prices of fruits and vegetables remain high, as does the price of salt, which many Burmese who lack electricity use to preserve food. Vendors report a drop in sales of fish and seafood products, as many Burmese refuse to eat these products out of fear of contamination. Prices of some items, such as chicken, purified water, and tomatoes, have dropped slightly since last week, and other food prices remained stable. The Myanmar International Terminal Thilawa opened for limited operations on May 10, allowing for the import of key goods, including diesel fuel. Prices of gasoline and diesel continued to drop, and are now being sold on the market for 5,000 and 6,000 kyats a gallon respectively. End Summary.

Food Prices Continue to Climb

2. (SBU) During trips to various markets around Rangoon during the past few days, we observed vendors selling a wide variety of food, particularly fruits and vegetables from Northern Burma. Several food items - rice, cooking oil, chicken, and meat - remain scarce on the market, and their prices continue to rise accordingly as the demand for these products has not yet abated. The price of rice continues to increase; ehmata rice (25 percent broken rice) now sells for 44,000 kyat (\$40) a bag, up 83 percent since May 1. We observed several rice traders selling limited stocks of inferior rice for 24,000 kyat (\$22) a bag, up 60 percent since pre-cyclone periods. Several businessmen told us that rice millers are transporting stocks of rice from Irrawaddy Division to Rangoon for

sale, although we have yet to confirm this story.

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Selected Commodity Prices, Rangoon  
As of May 12, 2008  
In Kyat  
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Good	Pre-Storm Price	Post-Storm Price	Percent Increase
Ehmata Rice	24000/bag	44000/bag	83
Inferior Rice	15000/bag	24000/bag	60
Peanut Oil	4500/viss	5500/viss	22
Soybean Oil	4500/viss	6500/viss	45
Palm Oil	3200/viss	5000/viss	56
Pork	6000/viss	8000/viss	33
Chicken	6000/viss	7000/viss	17
Fish	4000/viss	7000/viss	75
Salt	1500/viss	2800/viss	87
Onions	300/viss	800/viss	167
Potatoes	400/viss	1000/viss	150
Purified Water	300/liter	800/liter	167

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\*1 viss=3.6 lbs or 1 viss=2 liters

¶3. (SBU) Market vendors told us of an increasing demand for salt in Rangoon, which people use to preserve food. Salt prices have increased by approximately 87 percent in the past week, from 1,500 kyat (\$1.36) to 2,800 kyat (\$2.54) for 3.6 lbs. Much of the salt sold in Rangoon came from Labutta, vendors stated. The cyclone destroyed salt supplies, further driving up prices (Ref A).

¶4. (SBU) During the past few days, we observed fewer vendors

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selling fish and seafood. Several traders told us that only a few fishermen had boats and could bring a catch into the market. Consequently, prices of seafood have increased by up to 75 percent. Demand for fish has dropped, however, as many Burmese refuse to eat fish for fear of contamination from corpses in the rivers and ocean.

¶5. (SBU) While prices continue to climb, we saw that prices of several goods fell over the past four days. Immediately after the cyclone hit, markets and supermarkets sold out of stocks of purified water. Now, most stores in Rangoon now have an abundant supply of drinking water. The price of purified water has decreased since May 8, from 1,500 kyat (\$1.36) a liter to 800 kyat (\$0.72), although prices are still higher than pre-cyclone levels. Prices of other goods, including chicken, tomatoes, and eggplant, have also decreased slightly in the past few days, but are not yet back to May 1 levels. Prices of other goods, such as onions, garlic, and cabbage, remain stable.

Fuel Prices Dropping  
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¶6. (SBU) The Myanmar Port Authority resumed limited operations at the Myanmar International Terminal Thilawa (MITT) on May 10, allowing for the import of selected items, such as construction materials and fuel. Business contacts confirmed that a private ship delivered 10,000 gallons of diesel fuel on May 10 (Ref B); this fuel is now available for sale in local markets. Economic contacts told us that additional shipments of diesel and petrol will arrive in Rangoon later this week. Prices of gasoline and diesel continue to fall as supply increases (Ref C). On May 12, a gallon of petrol sold for 5,000 kyat (\$4.50), down from 7,000 kyat (\$6.36) a gallon on May 8. Diesel prices also fell from 8,000 kyat (\$9) a gallon on May 8 to 6,000 kyat (\$5.45) a gallon on May 12, a drop of 25 percent.

¶7. (SBU) We also observed fewer cars queuing at gas stations around town, with the average wait time decreasing to approximately 1.5 hours. Gas stations still restrict car owners to purchase up to six gallons of gas at one time, and only 14 gallons per week.

Comment

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18. (SBU) Although prices of food in Rangoon remain high, food is still available, so residents of Rangoon are in a much better position than those living in the Irrawaddy Delta region. Supply lines into Rangoon have improved, allowing a steady but limited supply of food from Northern Burma to enter Rangoon's markets. With the resumption of limited operations at the port, additional supplies of food should be forthcoming, which will further reduce market pressure and increase the supply of available commodities. We expect that as the situation in Rangoon improves, food prices, like fuel prices, will stabilize.

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